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The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 36

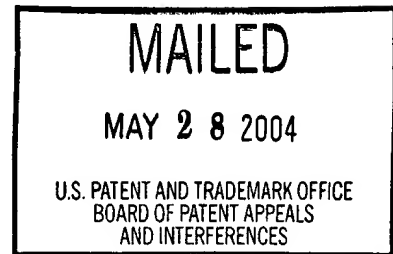
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte DANIEL E. TEDESCO,
JAMES A. JORASCH,
and JAY S. WALKER

Appeal No. 2004-0403
Application 09/100,684¹

HEARD: May 6, 2004



Before BARRETT, RUGGIERO, and LEVY, Administrative Patent Judges.
BARRETT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) from the final rejection of claims 1-13, 22-26, and 28-30.

We reverse but enter new grounds of rejection.

¹ Application for patent filed June 19, 1998, entitled "Billing Statement Customer Acquisition System," which is a continuation-in-part of Application 08/982,149, filed December 1, 1997, now U.S. Patent 6,196,458, issued March 6, 2001.

BACKGROUND

The invention relates to a customer acquisition system, which allows an entity to acquire new customers by making offers to customers through billing statements of other entities.

Claim 1 is reproduced below.

1. A computerized customer acquisition method comprising the steps of:

selecting a customer account record from an electronic customer account database of a first entity, said customer account record including a customer identifier;

determining if an individual indicated by said customer identifier is a customer of a second entity;

sending a billing statement from the first entity to said individual;

providing with the billing statement an offer to said individual to pay at least a portion of an amount due on said billing statement if said individual becomes a customer of said second entity;

receiving acceptance of said offer from said individual; and

acquiring the individual as a customer by transferring said at least a portion of said amount to the first entity by the second entity.

The examiner relies on the following references:

Jermyn	6,026,370	February 15, 2000 (filed August 28, 1997)
Crosskey et al. (Crosskey)	6,035,281	March 7, 2000 (filed June 16, 1997)

Linnen, Herb and McGann, Jim, AT&T comments on new FCC rules to curb "slamming", AT&T News Release (June 14, 1995) (Linnen).

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McNatt, Robert and Light, Larry, Reach Out and Pay Someone,
Business Week (March 23, 1998) (McNatt).

Krauss, Jeffrey, Subsidized TV sets?, CED (Communications
Engineering & Design) (February 1998) (Krauss).

The examiner also relies on the following references to
support Official Notice findings:

Schumacher et al. (Schumacher)	5,060,165	October 22, 1991
Mori	5,200,889	April 6, 1993
Bucci	5,655,089	August 5, 1997

Goldberg, Jeff, Making your wireless quest easier,
Point.com, www.point.com/articles/489.asp (download date
November 16, 2000) (Goldberg) (not prior art).

Active Trader Rebate Program, Wall Street Access Active
Trader Rebate Program, [www.wsaccess.com/-
active_rebate_program.htm](http://www.wsaccess.com/-active_rebate_program.htm) (download date April 22, 1998)
(Wall Street Access).

The references are fairly summarized by the appellants
(brief, pp. 9-15 & 23-24).

Claims 1, 11-13, 22, and 29 stand rejected under 35 U.S.C.
§ 103(a) as being unpatentable over McNatt, Linnen, Krauss, and
Crosskey, and factual assertions of Official Notice supported by
Bucci, Schumacher, Goldberg, and Wall Street Access.

Claims 2-10, 23-26, 28, and 30 stand rejected under
35 U.S.C. § 103(a) as being unpatentable over McNatt, Linnen,
Krauss, and Crosskey, further in view of Jermyn, and factual
assertions of Official Notice supported by Bucci, Mori, and

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Goldberg.² As noted by appellants (brief, p. 28), the examiner's failure to mention all of the references used to reject independent claims 1 and 22 in rejecting the dependent claims appears to be an oversight. Thus, the statement of the rejection should also mention Schumacher and Wall Street Access.

We refer to the final rejection (Paper No. 20) and the examiner's answer (Paper No. 26) for a statement of the examiner's rejection, and to the appeal brief (Paper No. 24) and the reply brief (Paper No. 28) for a statement of appellants' arguments thereagainst.

OPINION

New grounds of rejection pursuant to 37 CFR § 1.196(b)

Claim 28 is rejected under 35 U.S.C. § 112, second paragraph, as indefinite and/or incomplete. Claim 28 recites "providing with the billing statement an offer to the customer to become a customer of the third party." This does not specify the nature of the offer as an offer to pay part of the amount due, as in the other independent claims. The offer to become a customer could simply be an advertisement for a product; if the individual bought the product he or she would become a customer. However, claim 28 ends by reciting "applying the minimum amount due to the credit card account in response to the received acceptance

² The examiner's rejection mistakenly refers to claims 2-10, 23-27, and 30.

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without receiving the minimum amount due from the customer." This implies, but leaves it indefinite, that the offer was an offer to pay at least a portion of the amount due if the individual becomes a customer of the third party. Claim 28 is considered indefinite and/or incomplete without qualification of the nature of the offer.

Claims 22-26 and 28-30 are rejected under 35 U.S.C. § 101 as being directed to nonstatutory subject matter. Our interpretation of these claims is that they do not expressly or implicitly require performance of any of the steps by a machine, such as general purpose digital computer. Structure will not be read into the claims for the purposes of the statutory subject matter analysis even though the steps might be capable of being performed by a machine.

Statutory subject matter requires two things: (1) it must be in the "useful arts," U.S. Const., art. I, § 8, cl. 8, which is equivalent to the modern "industrial" or "technological arts," defined by Congress in the four categories of "process, machine, manufacture, or composition of matter" in 35 U.S.C. § 101; and, if it is, (2) it must not fall within one of the exceptions for "laws of nature, physical phenomena and abstract ideas." Under the most recent Federal Circuit cases, transformation of data by a machine (e.g., a computer) is statutory subject matter provided the claims recite a "practical application, i.e.,

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'a useful, concrete and tangible result.'" State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1600-01 (Fed. Cir. 1998). The claims do not expressly or implicitly require performance by a machine.

There seem to be three possible tests for statutory subject matter of non-machine-implemented process claims: (1) the definition of a "process" under 35 U.S.C. § 101 as requiring a physical transformation of physical subject matter, tangible or intangible, to a different state or thing; (2) the "abstract idea" exception; and/or (3) the test of whether the claim recites a "practical application, i.e., 'a useful, concrete and tangible result" under State Street, which was stated in the context of transformation of data by a machine or a machine-implemented process, adapted somehow for a non-machine-implemented method.

Claims which are broad enough to read on statutory subject matter and on nonstatutory subject matter are considered nonstatutory. Cf. In re Lintner, 458 F.2d 1013, 1015, 173 USPQ 560, 562 (CCPA 1972) ("Claims which are broad enough to read on obvious subject matter are unpatentable even though they also read on nonobvious subject matter."). During prosecution, applicant can amend to limit the claims to statutory subject matter. Cf. Prater II, 415 F.2d at 1404 n.30, 162 USPQ at 550 n.30 (Where a patent is at issue: "By construing a [patent] claim as covering only patentable subject matter, courts are able, in

appropriate cases, to hold claims valid in order to protect the inventive concept of the inventor's contribution to the art. The patentee at that time usually may not amend the claims to obtain protection commensurate with his actual contribution to the art."). Thus, that the claims might be statutory subject matter if performed by a machine does not make the claims statutory subject matter since no machine is required.

The U.S. Constitution authorizes Congress "To promote the Progress of ... useful Arts, by securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries." U.S. Const., art. I, § 8, cl. 8. "This qualified authority ... is limited to the promotion of advances in the 'useful arts.'" Graham v. John Deere Co., 383 U.S. 1, 5, 148 USPQ 459, 462 (1966). "[T]he present day equivalent of the term 'useful arts' employed by the Founding Fathers is 'technological arts.'" In re Bergy, 596 F.2d 952, 959, 201 USPQ 352, 359 (CCPA 1979), aff'd sub nom. Diamond v. Chakrabarty, 447 U.S. 303, 206 USPQ 193 (1980). "Technology" is defined as: "2a: applied science b: a technical method of achieving a practical purpose 3: the totality of means employed to provide objects necessary for human sustenance and comfort." Webster's New Collegiate Dictionary (G.&C. Merriam Co. 1977). As stated in Gillespie et al., Chemistry 2 (Allyn and Bacon, Inc. 1986): "We can describe the universe, and all the changes occurring in it, in terms of two

fundamental concepts: matter and energy." We submit that a fundamental property of "technology" is that it deals with characteristics of the physical world, matter and energy, which are transformed and made useful to man in products and processes.

The "useful arts" ("technological arts") are defined by Congress in the statutory classes of 35 U.S.C. § 101, "process, machine, manufacture, or composition of matter." Section 101 is broadly inclusive of subject matter that can be patented. See S. Rep. No. 1979, 82d Cong., 2d Sess. 5 (1952), reprinted in 1952 U.S. Code Cong. & Admin. News 2394, 2399 ("A person may have 'invented' a machine or manufacture, which may include anything under the sun made by man, but it is not necessarily patentable under section 101 unless the conditions of the title are fulfilled."). However, "every discovery is not embraced within the statutory terms. Excluded from such patent protection are laws of nature, physical phenomena and abstract ideas." Diamond v. Diehr, 450 U.S. 175, 185, 209 USPQ 1, 7 (1981). The statutory categories of "machine, manufacture, or composition of matter" broadly cover any "thing" that can be made by man and clearly fit the definition of "technology."

A "process" is more difficult to analyze. A "process" is broadly defined in the dictionary as "a series of actions or operations conducing to an end." Webster's. Any series of actions or operations is a process within the dictionary

definition. However, not every process in the dictionary sense is a "process" under §§ 100(b) and 101 within the "useful arts" ("technological arts"). See Parker v. Flook, 437 U.S. 584, 588 n.9, 198 USPQ 193, 196 n.9 (1978) ("The statutory definition of 'process' is broad.... An argument can be made, however, that this Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a 'different state or thing.'").

Section 100(b) of Title 35 U.S.C. defines "process" to mean "process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material." The definition of "process" to mean "process, art or method" makes it clear that the terms are synonymous.

See S. Rep. No. 1979, reprinted in 1952 U.S. Code Cong. & Admin. News at 2409-10. "When Congress approved the addition of the term 'process' to the categories of patentable subject matter in 1952, it incorporated the definition of 'process' that had evolved in the courts" (footnotes omitted), In re Schrader, 22 F.3d 290, 295, 30 UPSQ2d 1455, 1459 (Fed. Cir. 1994), which included this definition from Cochrane v. Deener, 94 U.S. 780, 788 (1877): "A process is . . . an act, or series of acts, performed upon the subject matter to be transformed and reduced to a different state or thing." The transformation definition has frequently been misunderstood to require transformation of an

object or article. See Schrader, 22 F.3d at 295 & 295 n.12, 30 UPSQ2d at 1459-60 & 1459 n.12 (noting imperfect statements requiring object or article in 1 William C. Robinson, The Law of Patents for Useful Inventions § 159 (1890) and Gottschalk v. Benson, 409 U.S. 63, 175 USPQ 673 (1972)). However, the "subject matter" transformed does not need to be a physical (tangible) object or article or substance, but can be physical, yet intangible, phenomena such as electrical signals or electromagnetic waves. See Schrader, 22 F.3d at 295 n.12, 30 UPSQ2d at 1459 n.12 ("it is apparent that changes to intangible subject matter representative of or constituting physical activity or objects are included in this definition"); In re Ernst, 71 F.2d 169, 170, 22 USPQ 28, 29-30 (CCPA 1934); In re Prater, 415 F.2d 1378, 1387-88, 159 USPQ 583, 592 (CCPA 1968) (in the Telephone Cases, 126 U.S. 1 (1887), Bell's fifth claim to a process of transmitting sounds telegraphically by changing the intensity of a continuous electrical current, i.e., a process acting on energy rather than physical matter, was held valid and infringed). This misunderstanding may be the reason that the definition has not been accepted as the only test for statutory subject matter.

It is possible that exceptions exist to the requirements that a "process" must be tied to a particular machine or apparatus or must operate to change subject matter to "a

different state or thing." See Gottschalk v. Benson, 409 U.S. 63, 71, 175 USPQ 673, 676 (1972) ("It is argued that a process patent must either be tied to a particular machine or apparatus or must operate to change articles or materials to a 'different state or thing.' We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents."); Parker v. Flook, 437 U.S. at 588 n.9, 198 USPQ at 196 n.9. However, care should be taken in abandoning or creating exceptions to a definition which has proven useful over many years. As far as we can determine, all cases involving method claims after Gottschalk v. Benson can be explained by the transformation of subject matter test. The Federal Circuit stated that a "'physical transformation' ... is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application," AT&T v. Excel Communications, Inc., 172 F.3d 1352, 1358, 50 USPQ2d 1447, 1452 (Fed. Cir. 1999). However, AT&T involved a method of transforming data on a machine, not a disembodied method, and it does not say that no physical transformation of subject matter is required if no machine is claimed. Transformation of data by a machine is a special case. It also appears that what was meant in AT&T is that calculations on a machine can be statutory subject matter without "physical transformations" performed

externally to the machine, such as using the calculated results to control a system.

Claims 22-26 and 28-30 recite steps for acquiring an individual as a customer and do not transform any physical subject matter, tangible (matter) or intangible (energy), into a different state or thing and, therefore, do not fall within the definition of a statutory "process" or within the meaning of "technology." The claimed steps can be performed manually by a human. Although a statutory "process" under § 101 does not have to be performed by a machine, there must be a transformation of physical subject matter from one state to another, e.g., a step of "mixing" two chemicals transforms two separate chemicals into a manufacture or a composition of matter, regardless of whether it is performed by a human or a machine. Here there is no transformation of physical subject matter. Thus, claims 22-26 and 28-30 are directed to nonstatutory subject matter as not meeting the definition of a "process" under § 101.

"An idea of itself is not patentable, but a new device by which it may be made practically useful is." Rubber-Tip Pencil Co. v. Howard, 87 U.S. 498, 507 (1874). Abstract intellectual concepts are not patentable as they are the basic tools of scientific and technological work, but a "practical application" of the concept to produce a "useful" result is patentable. The "abstract idea" exception refers to disembodied plans, schemes,

or theoretical methods. An "abstract idea" is "embodied" or a "practical application" or "concrete" when it is utilized in an invention that is a "process, machine, manufacture, or composition of matter" under § 101, and is "useful" when it has utility. Where the claim covers any and every possible way that the steps may be performed, this is more likely to be a claim to the "abstract idea" itself, rather than a practical application of the idea. For example, in discussing the mathematical algorithm in Gottschalk v. Benson, the Supreme Court discussed the cases holding that a principle, in the abstract, cannot be patented and then stated:

Here the "process" claim is so abstract and sweeping as to cover both known and unknown uses of the BCD to pure binary conversion. The end use may ... be performed through any existing machinery or future-devised machinery or without any apparatus.

409 U.S. at 68, 175 USPQ at 675. The fact that a claimed method is not tied to a machine, even if the method could be performed by a machine, and that it does not recite a transformation of physical subject matter to a different state or thing, is an indication that the method is a disembodied "abstract idea" and is not a practical application, as broadly claimed.

Claims 22-26 and 28-30 describe the plan for acquiring new customer. The method, as claimed, is considered an "abstract idea" because no concrete and tangible means for accomplishing the plan is claimed. The method, as claimed, covers any and

every possible way of implementing the plan, which indicates that it is directed to the "abstract idea" or concept itself, rather than a practical application of the idea. The fact that (unclaimed) physical steps that would have to be performed to carry out the method are not read into the claim to make it statutory. In any case, the mere presence of a physical step cannot transform an unpatentable principle into a patentable "process." See Diamond v. Diehr, 450 U.S. at 191-92, 209 USPQ at 10 ("A mathematical formula as such is not accorded the protection of our patent laws, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment. Similarly, insignificant post-solution activity will not transform an unpatentable principle into a patentable process." (Citations omitted.)). Thus, we hold that claims 22-26 and 28-30 are directed to nonstatutory subject matter under the "abstract idea" exception.

The State Street test of a "practical application, i.e., 'a useful, concrete and tangible result,'" was announced in the context of transformation of data by a machine. Thus, it is not clear that the test applies in the present situation. Machines and machine-implemented processes, have generally been considered statutory subject matter, except in the special case where mathematical algorithms were involved. A machine implementation implicitly requires a physical transformation of subject matter,

e.g., transformation of electrical signals into a different state or signal within a computer. A machine-implemented claim starts out with a presumption of being statutory subject matter. State Street simplifies analysis of machine-implemented claims. It appears that all that is necessary for a machine claim or a machine-implemented process claim to be statutory subject matter is that the data that is transformed is representative of or constitutes physical activity or objects, so that the result has some practical utility. With a non-machine-implemented method, no implied transformation by a machine can be relied on to make the method "useful" or "concrete and tangible."

To the extent that the State Street test applies to non-machine-implemented process claims, the test is interpreted as a restatement of existing legal principles. The terms "concrete and tangible" are interpreted to mean that the abstract idea or principle has been applied to subject matter that falls within one of the categories of inventions of § 101, either physical structure (machines, manufactures, or compositions of matter) or steps that transform physical subject matter to a different state or thing (a process). We do not think the phrase "concrete and tangible" was intended to mean "anything definite and requiring physical action" without regard to the nature of the subject matter of § 101. The term "useful" is interpreted to mean that the subject matter within one of the § 101 categories satisfies

the utility requirement. A "practical application" requires both that the claimed subject matter be within a statutory category (embodied in something concrete and tangible) and have utility (be useful). Thus, a claim to a computer or a computer-implemented process would normally be statutory subject matter, because it transforms electrical signals inside of the computer and is "concrete and tangible," but it may fail to satisfy the "utility" requirement if it is merely a mathematical algorithm which transforms data not corresponding to something in the real world. Conversely, a claim to a non-machine-implemented process may have "utility" to society, but the subject matter may not fall within the "useful arts" ("technological arts") of § 101 so as to be "concrete and tangible" if it does not transform physical subject matter. We have held that the claimed subject matter does not fall within the definition of a "process" under § 101 and is an "abstract idea," and, therefore, it is not a "practical application" of the plan because it does not produce a "concrete and tangible result." The State Street test requires that subject matter be "useful" and "concrete" and "tangible." While the claimed subject matter may be "useful" because it has some utility to society, this is not enough. Therefore, we hold that claims 22-26 and 28-30 are directed to nonstatutory subject matter because they do not recite a "practical application" or produce a "concrete and tangible result" under State Street.

Obviousness

Initially, we note that the statement of the rejection must contain a mention of all references applied in the rejection. See In re Hoch, 428 F.2d 1341, 1342 n.3, 166 USPQ 406, 407 n.3 (CCPA 1970); Ex parte Movva, 31 USPQ2d 1027, 1028 n.1 (Bd. Pat. App. & Int. 1993). Accord Ex parte Hiyamizu, 10 USPQ2d 1393, 1394 (Bd. Pat. App. & Int. 1988); In re Raske, 28 USPQ2d 1304, 1304-05 (Bd. Pat. App. & Int. 1993); MPEP § 706.02(j) (7th ed., rev. 1, Feb. 2000). The references relied on to support Official Notice should have been made part of the statement of the rejection after they were cited. Nevertheless, appellants had notice of the references and discussed them. Therefore, we consider the references cited to support the Official Notice findings as if they were part of rejection.

Appellants argue that the examiner has not shown all limitations of any claim to be disclosed or suggested by the references. While appellants argue several limitations, it is sufficient to focus on the following limitation of claim 1:

providing with the billing statement [sent from the first entity to the individual] an offer to said individual to pay at least a portion of an amount due on said billing statement if said individual becomes a customer of said second entity.

Claims 11-13 have a similar limitation. Claims 22 and 28-30 also have a similar limitation, where, as noted in the new ground of rejection under 35 U.S.C. § 112, second paragraph, claim 28

implies that the offer is to pay part of the credit card bill. This limitation has two parts: (1) the offer is provided with the billing statement; and (2) the offer is to pay at least a portion of the amount due on the billing statement if the individual becomes a customer of the second entity.

The examiner responds (answer, p. 14):

The Examiner notes that the main references used to reject the claims were the McNatt and Linnen references which clearly show AT&T sending their offer with the user's phone bill; however the payment is given to the user, not directly to the first party. The references the Appellant cites ("Wall Street Access" and "Crosskey") in the above argument were used to show that it is [sic, was] well known for a second party to pay a portion of the user's bill owed to a first party directly to the first party. Thus, in combination, the references show the user receiving a billing statement from a first party with an offer (from AT&T) to pay the user for becoming a customer of the second party (AT&T), and that the payment which is at least a portion of an amount due to the first party is paid directly to the first party (Crosskey).

Appellants argue that it is clearly untrue that McNatt and Linnen show AT&T sending their offer with the user's phone bill and there is no indication that the entities sending the checks even send bills to the recipients, whether or not separate from the checks (reply brief, p. 4). It is also argued that the examiner's new interpretation of McNatt and Linnen is inconsistent with statements in the examiner's answer (reply brief, pp. 4-5).

We agree with appellants that McNatt and Linnen do not show AT&T sending their offer with the user's phone bill, as stated by

the examiner, or with any kind of bill. McNatt discloses that AT&T attempted to attract new customers by mailing checks which, if cashed, authorizes switching the long-distance provider to AT&T. McNatt does not disclose that the offer is sent with the user's phone bill, as stated by the examiner, or with another kind of bill. Since AT&T is trying to attract new customers it obviously would not send out such an offer in a phone bill to its existing customers. Linnen teaches the same thing as McNatt. Therefore, the combination of McNatt and Linnen does not teach sending out an offer in a bill to pay money for switching long distance telephone service.

The only reference that teaches sending out anything with a bill is Bucci, which discloses including "hard-copy material in the nature of advertising or bill-breakdown information" (col. 3, lines 58-59) with the billing statement to save postage by combining mailings from different entities. Some of the advertisements in Bucci may possibly be offers, such as an offer to sell a product or service. While, perhaps, the offer could be the AT&T-type offer, this is not taught in Bucci. Moreover, even assuming that it would have been obvious to include an AT&T-type offer in Bucci, the combination would not meet the claim language because there is no teaching that the offer would be to pay at least a portion of an amount due on the billing statement, as opposed to the individual directly. This offer by a second

entity to pay part of the amount due to a first entity is a key aspect of appellants' invention. Crosskey discloses advertisers paying part of the access charge of customers who access their advertisements, but this is not an offer sent with the bill conditional upon becoming a customer of the advertisers; the payment is automatic and the individual does not have to accept an offer. Wall Street Access discloses that customers who trade actively with Wall Street Access have their real time data fees paid by Wall Street Access. This is an offer by second entity (Wall Street Access) to pay part of the bill of a first entity (real time data providers) if the individual becomes a customer of the second entity. However, we cannot find a suggestion that the real time data providers would provide this offer with their billing statement, as would be needed to meet the claim. Krauss and Goldberg disclose that a customer who desires to purchase cellular telephone service from a service provider receives a subsidy from the service provider on the price of a cellular telephone that is used for the service, but this is not an offer sent with the bill to pay part of the amount due on the billing statement. The examiner has clearly tried very hard to find relevant prior art and we have also tried hard to see some way to combine the references in such a way as to meet the offer limitation, even though that reasoning may not have been expressed in the rejection. However, we conclude that the

combined teachings of the references do not suggest the limitation of "providing with the billing statement an offer to said individual to pay at least a portion of an amount due on said billing statement if said individual becomes a customer of said second entity." Accordingly, the rejection of claims 1, 11-13, 22, and 29 is reversed. The added references to Jermyn and Mori do not cure the deficiencies of the rejection. Thus, the rejection of claims 2-10, 23-26, 28, and 30 is reversed.

CONCLUSION

The rejections of claims 1-13, 22-26, and 28-30 are reversed.

A new ground of rejection has been entered as to claim 28 under 35 U.S.C. § 112, second paragraph, and as to claims 22-26 and 28-30 under § 101 pursuant to 37 CFR § 1.196(b).

This decision contains a new ground of rejection pursuant to 37 CFR § 1.196(b) (amended effective Dec. 1, 1997, by final rule notice, 62 Fed. Reg. 53,131, 53,197 (Oct. 10, 1997), 1203 Off. Gaz. Pat. & Trademark Office 63, 122 (Oct. 21, 1997)). 37 CFR § 1.196(b) provides that, "A new ground of rejection shall not be considered final for purposes of judicial review."

37 CFR § 1.196(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of

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rejection to avoid termination of proceedings (§ 1.197(c)) as to
the rejected claims:

(1) Submit an appropriate amendment of the claims so rejected or a showing of facts relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the application will be remanded to the examiner. . . .

(2) Request that the application be reheard under § 1.197(b) by the Board of Patent Appeals and Interferences upon the same record. . . .

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a).

REVERSED - 37 CFR § 1.196 (b)

Lee E. Barrett

LEE E. BARRETT
Administrative Patent Judge

JOSEPH F. RUGO

JOSEPH F. RUGGIERO
Administrative Patent Judge

STUART S. LEVY

STUART S. LEVY
Administrative Patent Judge

BOARD OF PATENT
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